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EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508**

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**FOR IMMEDIATE RELEASE
DECEMBER 11, 2000**

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**WTO Appellate Body Sustains Panel Finding That Korea Maintains
WTO-Inconsistent Restrictions on U.S. Beef Imports**

United States Trade Representative Charlene Barshefsky welcomed a December 11 World Trade Organization (WTO) Appellate Body report affirming the findings of a WTO panel which concluded last July that Korea's import regime for beef discriminates against imports from the United States and other foreign suppliers. The Appellate Body also found that Korea did not compute its domestic support for beef in the manner required by the provisions of the WTO Agreement on Agriculture.

"This ruling ensures enhanced market access for U.S. beef producers when Korea's beef quota expires on December 31, 2000," said Ambassador Barshefsky. "Korea is already the third most important export market for U.S. cattle ranchers. Elimination of Korea's WTO-inconsistent marketing restrictions will enable U.S. exporters to help satisfy the increasing demand for imported beef."

"This is good news for American ranchers," said U. S. Agriculture Secretary Dan Glickman. "The ruling assures unfettered access to one of Asia's fast growing beef markets."

Background

The United States requested WTO dispute settlement consultations with Korea in February 1999 and requested the formation of a panel in April 1999.

Earlier this year, that panel found that Korea's requirement that imported beef be sold in separate retail stores and other restrictions on the distribution of imported beef are inconsistent with Korea's obligations under GATT Article III:4 because they result in less favorable treatment for imported beef than is accorded to Korean beef. In practice, Korea's requirement that imported beef be sold in separate stores has excluded imported beef from approximately 90 percent of the 50,000 retail beef outlets in Korea.

The panel also concluded that Korea provided domestic subsidies to its cattle industry at levels that resulted in Korea's total support for agriculture being higher than permitted by its commitments under the WTO *Agreement on Agriculture*.

Korea appealed the panel's findings, but the WTO Appellate Body dismissed all but two of Korea's arguments. The Appellate Body sustained the findings of the panel regarding the discriminatory nature of Korea's retail distribution system for beef. The Appellate Body also affirmed the panel's conclusions that Korea must compute the level of domestic support in accordance with the provisions of the Agreement on Agriculture and had not done so. However, the Appellate Body found that the record before the panel did not permit a determination whether the level of domestic subsidies provided by Korea to agriculture in 1997 and 1998 were higher than permitted under the *Agreement on Agriculture*.

The United States will ask the Dispute Settlement Body to adopt the findings and recommendations of the panel and Appellate Body at a meeting to be held in early January 2001. After adoption, Korea will be allotted a reasonable period of time to bring the measures in question into compliance with its WTO obligations.